

# **Lead-Impacted Communities Relocation Assistance Trust**

Accountants' Reports and Financial Statements

June 30, 2011 and 2010

# **Lead-Impacted Communities Relocation Assistance Trust**

## **June 30, 2011 and 2010**

### **Contents**

<b>Independent Accountants' Report on Financial Statements and Supplementary Information .....</b>	<b>1</b>
 <b>Financial Statements</b>	
Statements of Net Assets .....	2
Statements of Activities.....	3
Balance Sheets – Governmental Funds .....	5
Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	6
Notes to Financial Statements .....	7
 <b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards .....	10
 <b>Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	 <b>11</b>
 <b>Independent Accountants' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....</b>	 <b>13</b>
 <b>Schedule of Findings and Questioned Costs .....</b>	 <b>15</b>
 <b>Summary Schedule of Prior Audit Findings .....</b>	 <b>19</b>

## Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees  
Lead-Impacted Communities Relocation Assistance Trust  
Miami, Oklahoma

We have audited the accompanying financial statements of the governmental activities and the major fund of the Lead-Impacted Communities Relocation Assistance Trust (the "Trust") as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Trust's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Trust's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Lead-Impacted Communities Relocation Assistance Trust as of June 30, 2011 and 2010, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of Lead-Impacted Communities Relocation Assistance Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trust's basic financial statements. The accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**BKD, LLP**

March 29, 2012

# Lead-Impacted Communities Relocation Assistance Trust

## Statements of Net Assets

June 30, 2011 and 2010

	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
Cash	<u>\$ 3,613,903</u>	<u>\$ 4,469,158</u>
Total assets	<u><u>\$ 3,613,903</u></u>	<u><u>\$ 4,469,158</u></u>
<b>Liabilities</b>		
Accrued liabilities	\$ 435,537	\$ 111,607
Deferred revenue	<u>3,178,366</u>	<u>4,357,551</u>
Total liabilities	3,613,903	4,469,158
<b>Net Assets</b>	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u><u>\$ 3,613,903</u></u>	<u><u>\$ 4,469,158</u></u>

# Lead-Impacted Communities Relocation Assistance Trust

## Statement of Activities

June 30, 2011

	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets Primary Governmental Activities
		Charges for Services	Operating Grants and Contributions	
			Capital Grants and Contributions	
<b>Functions/Programs</b>				
<b>Primary Government</b>				
Governmental activities				
General governmental	\$ 3,303,738	\$ -	\$ 3,303,738	\$ -
Total primary government	<u>\$ 3,303,738</u>	<u>\$ -</u>	<u>\$ 3,303,738</u>	<u>\$ -</u>
<b>Changes in Net Assets</b>				-
<b>Net Assets, Beginning of Year</b>				-
<b>Net Assets, End of Year</b>				<u>\$ -</u>

# Lead-Impacted Communities Relocation Assistance Trust

## Statement of Activities

June 30, 2010

		Program Revenues		Net (Expenses) Revenues and Changes in Net Assets Primary Government Governmental Activities
		Charges for Services	Operating Grants and Contributions	
	Expenses		Capital Grants and Contributions	
<b>Functions/Programs</b>				
<b>Primary Government</b>				
Governmental activities				
General governmental	\$ 14,233,239	\$ -	\$ 14,233,239	\$ -
Total primary government	\$ 14,233,239	\$ -	\$ 14,233,239	-
<b>Changes in Net Assets</b>				-
<b>Net Assets, Beginning of Year</b>				-
<b>Net Assets, End of Year</b>				\$ -

**Lead-Impacted Communities Relocation Assistance Trust**  
**Balance Sheets – Governmental Funds**  
**June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash	\$ 3,613,903	\$ 4,469,158
Total assets	<u>3,613,903</u>	<u>4,469,158</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accrued liabilities	<u>435,537</u>	<u>111,607</u>
Total liabilities	<u>435,537</u>	<u>111,607</u>
<b>Fund Balances</b>		
Restricted		
Reserved for relocation assistance and demolition	<u>3,178,366</u>	<u>4,357,551</u>
Total fund balances	3,178,366	4,357,551
<b>Reconciliation to Statement of Net Assets</b>		
Amounts reported for governmental activities in the statement of net assets are different because:		
Deferred revenues in the statement of net assets have been received and are recognized as revenues in the fund statements	<u>(3,178,366)</u>	<u>(4,357,551)</u>
Net assets of governmental activities	<u>\$ -</u>	<u>\$ -</u>

**Lead-Impacted Communities Relocation Assistance Trust**  
**Statements of Revenues, Expenditures and Changes in Fund Balances –**  
**Governmental Funds**  
**Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
General governmental		
Federal and state grants	\$ 2,124,402	\$ 8,597,564
Other	151	-
	<u>2,124,553</u>	<u>8,597,564</u>
Total revenues and other support		
	<u>2,124,553</u>	<u>8,597,564</u>
<b>Expenditures</b>		
General governmental		
Administration	123,842	83,440
Appraisal and disposal	3,150,846	866,460
Relocation assistance payments	29,050	12,945,879
Rental assistance payments	-	167,460
Moving expense payments	-	170,000
	<u>3,303,738</u>	<u>14,233,239</u>
Total expenditures		
	<u>3,303,738</u>	<u>14,233,239</u>
<b>Excess (Deficiency) of Revenues</b>		
<b>Over (Under) Expenditures</b>	<u>(1,179,185)</u>	<u>(5,635,675)</u>
<b>Changes in Net Assets</b>	<u>(1,179,185)</u>	<u>(5,635,675)</u>
<b>Fund Balance, Beginning of Year, as Previously Reported</b>	4,357,551	10,281,626
<b>Adjustments Applicable to Prior Years</b>	<u>-</u>	<u>(288,400)</u>
<b>Fund Balances, Beginning of Year, as Restated</b>	<u>4,357,551</u>	<u>9,993,226</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 3,178,366</u></u>	<u><u>\$ 4,357,551</u></u>
<b>Reconciliation to the Statement of Activities</b>		
Net change in fund balances - total governmental funds	\$ (1,179,185)	\$ (5,635,675)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Deferred revenues in the statement of net assets	<u>1,179,185</u>	<u>5,635,675</u>
Change in net assets of governmental activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



# **Lead-Impacted Communities Relocation Assistance Trust**

## **Notes to Financial Statements**

**June 30, 2011 and 2010**

### **Note 1: Summary of Significant Accounting Policies**

#### ***Nature of Organization***

The Lead-Impacted Communities Relocation Assistance Trust, (the “Trust”) was established in September 2004 for the purpose of providing relocation assistance to families and businesses residing in Cardin, Douthat, Hockerville and Picher, Oklahoma, Ottawa County. The Tar Creek area near Picher, Oklahoma, encompasses a portion of the historic Tri-State Mining District, where lead and zinc were mined in underground drifts and milled at the surface from about 1900 to the 1960s. When mining ceased, huge volumes of mining waste, including chat and mill tailings, were left on the surface. These wastes contain elevated concentrations of lead and zinc and contributed to elevated blood lead concentrations in approximately 33% of area children. On November 8, 2007, the Water Resources Development Act of 2007 became law and required permanent relocation of all residents. The Trust’s governmental structure consists of a Board of Trustees. The Board of Trustees is organized to make decisions, recommendations, consult with and receive advice and information regarding the operation of the Trust.

#### ***Basis of Presentation***

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements, *i.e.*, the statement of net assets and the statement of activities, display information on all the activities of the Trust. These statements are reported using the total economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The Trust has one major governmental fund, General Trust Fund, which is reported using the current financial resources measurement focus and is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, *i.e.*, when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable.

#### ***Net Assets***

Net assets of the Trust are classified in four components. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

# **Lead-Impacted Communities Relocation Assistance Trust**

## **Notes to Financial Statements**

**June 30, 2011 and 2010**

Restricted expendable net assets are noncapital assets that must be used for a particular purpose as specified by grantors external to the Trust. Restricted nonexpendable net assets are noncapital assets that are required to be maintained in perpetuity as specified by parties external to the Trust. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable. At June 30, 2011 and 2010, the Trust has no net assets.

### ***Legal Entity***

The Trust's complies with GASB Statement No. 14, "The Financial Reporting Entity." This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Trust considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no components units to include in the Trust's financial statements.

### ***Revenue Recognition***

The Trust's program revenues are derived solely from operating grants from federal and state agencies and are recognized when received in the Fund financial statements and when earned in the government-wide financial statements.

### ***Expenditure Recognition***

The Trust's program expenditures are incurred for the purpose of providing relocation assistance to families and businesses and are reported on the accrual basis. They are classified by function for governmental-type activities. In the fund financial statements, governmental funds report expenditures of financial resources.

### ***Estimates***

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires the Trust's management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results may differ from those estimates.

### ***Income Taxes***

The income of the Trust is generally exempt from federal income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law.

### ***Budgetary Requirements***

The Trust is not legally required to adopt an annual budget. Therefore, a budgetary comparison schedule has not been presented.

# **Lead-Impacted Communities Relocation Assistance Trust**

## **Notes to Financial Statements**

**June 30, 2011 and 2010**

### **Note 2: Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned to it. As of June 30, 2011 and 2010, the Trust had no uninsured and uncollateralized deposits.

### **Note 3: Commitments and Contingencies**

#### ***Claims and Litigation***

The Trust is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The Trust believes the ultimate disposition of the actions will not have a material effect on the financial statements of the Trust.

#### ***Government Grants***

The Trust is currently participating in two grants from agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

## **Supplementary Information**

**Lead-Impacted Communities Relocation Assistance Trust**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2011**

<b>Cluster/Program</b>	<b>Federal Agency/ Pass-Through Entity</b>	<b>CFDA Number</b>	<b>Grant or Identifying Number</b>	<b>Amount</b>
Superfund State, Political Subdivision and Indian Tribe Site-Specific Cooperative Agreements	Environmental Protection Agency/ Oklahoma Department of Environmental Quality	66.802	V-96669901	\$ 234,354
Superfund State, Political Subdivision and Indian Tribe Site-Specific Cooperative Agreements - ARRA	Environmental Protection Agency/ Oklahoma Department of Environmental Quality	66.802	25-96690401	<u>2,754,485</u>
				<u>\$ 2,988,839</u>

**Notes to Schedule**

1. This schedule includes the federal awards activity of Lead-Impacted Communities Relocation Assistance Trust and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. Lead-Impacted Communities Relocation Assistance Trust provided no awards to subrecipients.

**Independent Accountants' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of the Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
Lead-Impacted Communities Relocation Assistance Trust  
Miami, Oklahoma

We have audited the financial statements of the governmental activities and the major fund of Lead-Impacted Communities Relocation Assistance Trust as of and for the year ended June 30, 2011, which collectively comprise its basic financial statements and have issued our report thereon dated March 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Trust's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 11-1 to be a material weakness.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Trust's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Trust's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the governing body, management, others within the Trust and pass-through entities and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*BKD, LLP*

March 29, 2012

**Independent Accountants' Report on Compliance with  
Requirements That Could Have a Direct and Material Effect on  
Each Major Program and on Internal Control Over Compliance in  
Accordance with OMB Circular A-133**

Board of Trustees  
Lead-Impacted Communities Relocation Assistance Trust  
Miami, Oklahoma

**Compliance**

We have audited the compliance of Lead-Impacted Communities Relocation Assistance Trust with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2011. The Trust's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Trust's management. Our responsibility is to express an opinion on the compliance of Lead-Impacted Communities Relocation Assistance Trust based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Trust's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Trust's compliance with those requirements.

As described in item 11-2 in the accompanying schedule of findings and questioned costs, Lead-Impacted Communities Relocation Assistance Trust did not comply with requirements regarding cash management that are applicable to its Superfund State, Political Subdivision and Indian Tribe Site-Specific Cooperative Agreements program. Compliance with such requirement is necessary, in our opinion, for Lead-Impacted Communities Relocation Assistance Trust to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Lead-Impacted Communities Relocation Assistance Trust complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.



### ***Internal Control Over Compliance***

The management of Lead-Impacted Communities Relocation Assistance Trust is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Trust's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 11-2 to be a material weakness.

The Trust's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Trust's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the governing body, management, others within the Trust, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*BKD, LLP*

March 29, 2012

**Lead-Impacted Communities Relocation Assistance Trust**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2010**

***Summary of Auditor's Results***

1. The opinion expressed in the independent accountants' report was:  
☒ Unqualified      ☐ Qualified      ☐ Adverse      ☐ Disclaimed
  
2. The independent accountants' report on internal control over financial reporting disclosed:  
Material weakness(es)?      ☒ Yes      ☐ No  
Significant deficiency(ies)?      ☐ Yes      ☒ No
  
3. Noncompliance considered material to the financial statements was disclosed by the audit?      ☐ Yes      ☒ No
  
4. The independent accountants' report on internal control over compliance with requirements that could have a direct and material effect on major federal awards programs disclosed:  
Material weakness(es)?      ☒ Yes      ☐ No  
Significant deficiency(ies)?      ☐ Yes      ☒ No
  
5. The opinion expressed in the independent accountants' report on compliance with requirements that could have a direct and material effect on major federal awards was:  
☐ Unqualified      ☒ Qualified      ☐ Adverse      ☐ Disclaimed
  
6. The audit disclosed findings required to be reported by OMB Circular A-133?      ☒ Yes      ☐ No

**Lead-Impacted Communities Relocation Assistance Trust**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2011**

7. The Trust's major program was:

<b>Cluster/Program</b>	<b>CFDA Number</b>
Superfund State, Political Subdivision, and Indian Tribe Site Specific Cooperative Agreements	66.802
Superfund State, Political Subdivision, and Indian Tribe Site Specific Cooperative Agreements - ARRA	66.802

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.
9. The Trust qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☐ Yes ☒ No

# Lead-Impacted Communities Relocation Assistance Trust

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2011

#### Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
11-1	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – The Trust’s financial statements required adjusting journal entries for financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Areas in which adjustments were proposed, including those which management recorded, include:</p> <ul style="list-style-type: none"> <li>• Accrued liabilities</li> <li>• Expenses</li> </ul> <p>Context – Review of general ledger details are critical in identifying necessary adjustments and for recording year-end accruals.</p> <p>Effect – Potential material misstatements in the financial statements could occur and not be prevented or detected in a timely manner.</p> <p>Cause – Monitoring procedures in the internal control over financial reporting process were not performed accurately during year-end closing procedures.</p> <p>Recommendation – Management should review year-end closing procedures to ensure that the controls in place are sufficient to allow for presentation in accordance with accounting principles generally accepted in the United States of America.</p> <p>Views of Responsible Officials and Planned Corrective Actions – The Trust has evaluated and determined that the costs of employing an individual capable of maintaining financial statements in conformity with GAAP exceeded expected benefits. The Trust engaged an independent public accounting firm to provide the financial statements in conformity with GAAP.</p>	None

# Lead-Impacted Communities Relocation Assistance Trust

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2011

#### Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
11-2	<p style="text-align: center;">CFDA Number 66.802 Superfund State, Political Subdivision, and Indian Tribe Site Specific Cooperative Agreements Environmental Protection Agency Program Year 2010 – 2011</p> <p>Criteria or Specific Requirement – Cash Management</p> <p>Condition – Federal funds drawn down were in excess of expenditures.</p> <p>Context – The Trust did not expend amounts drawn on a timely basis.</p> <p>Effect – Monies drawn down were in excess of expenditures during the award year.</p> <p>Cause – The Trust did have not proper controls in place to monitor the timing of the receipt of federal funds and to ensure expenditures were completed on a timely basis.</p> <p>Recommendation – The Trust should review its policies and procedures related to drawdowns of federal funds.</p> <p>Views of Responsible Officials and Planned Corrective Actions – The Trust concurs with the findings and is currently working to resolve the excess drawdowns.</p>	None

**Lead-Impacted Communities Relocation Assistance Trust**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2011**

<b>Reference Number</b>	<b>Finding</b>	<b>Status</b>
10-2	CFDA Number 66.802 Superfund State, Political Subdivision, and Indian Tribe Site Specific Cooperative Agreements Environmental Protection Agency Program Year 2009 – 2010  Federal funds drawn down were in excess of expenditures.	Unresolved. See Finding 11-2.